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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

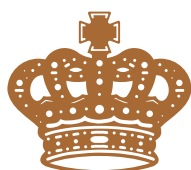
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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Emperor Watch & Jewellery Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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**英皇鐘錶珠寶有限公司**  
**EMPEROR WATCH & JEWELLERY LIMITED**

*(Incorporated in Hong Kong with limited liability)*  
**(Stock Code: 887)**

**(I) DISCLOSEABLE AND CONNECTED TRANSACTION**  
**ACQUISITION OF ENTIRE EQUITY INTEREST IN TARGET COMPANY**  
**AND**  
**(II) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to**  
**the Independent Board Committee and the Independent Shareholders**



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Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" of this circular.

A letter from the Board is set out from pages 5 to 13 of this circular and a letter from the Independent Board Committee to the Independent Shareholders is set out on page 14 to 15 of this circular. A letter from Pelican Financial Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and Independent Shareholders in relation to the Acquisition is set out from pages 16 to 37 of this circular.

A notice convening the EGM to be held at 28th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong on Wednesday, 16 April 2025 at 11:30 a.m. is set out from pages EGM-1 to EGM-2 of this circular.

Please complete and return the accompanying form of proxy to the Company's share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible, and in any event not less than 48 hours before the time of the EGM (by Monday, 14 April 2025, before 11:30 a.m.) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or adjournment thereof (as the case may be) should you subsequently so wish and in such event, the form of proxy previously submitted shall be deemed to be revoked.

31 March 2025

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“Acquisition”	the acquisition of the Sale Share and the Sale Loan by the Purchaser from the Vendor under the Sale and Purchase Agreement
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board” or “Director(s)”	the board of directors of the Company
“Business Day(s)”	day(s) (other than Saturday, Sunday or public holiday or day(s) on which a tropical cyclone No. 8 or above or a “black” rainstorm warning is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. on weekdays) on which banks are generally open in Hong Kong to the general public for business
“BVI”	the British Virgin Islands
“Company”	Emperor Watch & Jewellery Limited, a company incorporated in Hong Kong with limited liability, the Shares are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Accounts”	the accounts of the Target Group (on a combined basis) comprising a statement of profit or loss for the period from 1 April 2024 to the Completion Date and a statement of financial position as at the Completion Date
“Completion Date”	on or before 29 August 2025 or within 7 Business Days following satisfaction (or waived by the Purchaser as appropriate, except conditions (c) and (d) under the section headed “Conditions precedent” in this circular which cannot be waived) of all the conditions precedent to Completion pursuant to the Sale and Purchase Agreement, whichever is the later or such other date as mutually agreed by the Vendor and the Purchaser
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of the Acquisition

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## DEFINITIONS

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“Dr. Yeung”	Dr. Yeung Sau Shing, Albert
“EGM”	extraordinary general meeting (or an adjournment thereof) of the Company to be held at 28th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong on Wednesday, 16 April 2025 at 11:30 a.m. to consider and, if thought fit, approve, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder
“Emperor International”	Emperor International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 163)
“Emperor Property Investment” or “Vendor”	Emperor Property Investment Limited, a company incorporated in the BVI and directly wholly-owned by Emperor International
“Emperor W&J (HK & Macau)” or “Purchaser”	Emperor Watch & Jewellery (HK & Macau) Holdings Limited, which is a company incorporated in the BVI whose principal business is investment holding and is directly wholly-owned by the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board comprising all of the independent non-executive Directors, established to advise the Independent Shareholders in respect of the Acquisition
“Independent Financial Adviser” or “Pelican”	Pelican Financial Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition

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## DEFINITIONS

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“Independent Shareholder(s)”	the Shareholder(s) who do not have material interest in the transactions contemplated under the Sale and Purchase Agreement
“Latest Practicable Date”	25 March 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Accounts”	the unaudited management accounts (on a combined basis) of the Target Group comprising a statement of profit or loss of the Target Group for the period from 1 April 2024 up to 31 January 2025 and a statement of financial position of the Target Group as at 31 January 2025
“Pro-forma Completion Accounts”	unaudited pro-forma combined statement of financial position of the Target Group as at the Completion Date and unaudited pro forma combined statement of profit or loss and other comprehensive income of the Target Group for the period from 1 April 2024 to the Completion Date prepared in accordance with accounting principles and practices generally accepted in Hong Kong and in compliance with the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), to be delivered to the Purchaser at least 5 Business Days prior to Completion
“Property”	the property as shown under the section headed “Information of the Property” in this circular
“Property Company”	the direct wholly-owned subsidiary of the Target Company which was incorporated in Hong Kong with limited liability and holds the legal and beneficial ownership of the Property
“Sale and Purchase Agreement”	the sale and purchase agreement dated 28 February 2025 entered into between the Vendor and Purchaser in relation to the Acquisition
“Sale Loan”	all loan, interest and all other sums owing by the Target Company to the Vendor as at the Completion

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## DEFINITIONS

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“Sale Share”	1 share of US\$1.00 in the share capital of the Target Company, representing its entire issued share capital
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“sq. ft.”	square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Target Company”	King Hero Investments Limited, a company incorporated in the BVI and an indirect wholly-owned subsidiary of Emperor International
“Target Group”	Target Company and its subsidiary (i.e. the Property Company)
“%”	per cent.

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LETTER FROM THE BOARD

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英皇鐘錶珠寶有限公司  
EMPEROR WATCH & JEWELLERY LIMITED

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 887)**

*Executive Directors:*

Ms. Cindy Yeung

Ms. Fan Man Seung, Vanessa

Mr. Wong Chi Fai

*Independent Non-executive Directors:*

Ms. Chan Sim Ling, Irene

Mr. Liu Hing Hung

Mr. Law, Michael Ka Ming

*Registered office:*

25th Floor

Emperor Group Centre

288 Hennessy Road

Wanchai

Hong Kong

31 March 2025

*To the Shareholders*

Dear Sir/Madam,

**(I) DISCLOSEABLE AND CONNECTED TRANSACTION  
ACQUISITION OF ENTIRE EQUITY INTEREST IN TARGET COMPANY  
AND  
(II) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 28 February 2025 whereby the Board announced that the Vendor entered into the Sale and Purchase Agreement with the Purchaser in relation to the sale and purchase of the entire equity interest in the Target Company and the Sale Loan due from the Target Company to the Vendor at a Consideration of approximately HK\$79.8 million (subject to adjustments), which consists of (1) the net asset value of the Target Group with reference to the fair market valuation of the Property; and (2) the Sale Loan.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with, amongst other, (i) further details of the Acquisition; (ii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders regarding the Acquisition; (iii) the letter from the Pelican to the Independent Board Committee and the Independent Shareholders regarding the Acquisition; (iv) the valuation report of the Property; (v) other information as required under the Listing Rules; and (vi) a notice convening the EGM for the purpose of considering and, if thought fit, approving, by way of poll, the Sale and Purchase Agreement and the transactions contemplated thereunder.

### **THE SALE AND PURCHASE AGREEMENT DATED 28 FEBRUARY 2025**

**The Vendor:** Emperor Property Investment

**The Purchaser:** Emperor W&J (HK & Macau)

### **Subject matter**

Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase (a) the Sale Share; and (b) the Sale Loan.

### **Consideration and payment terms**

The Consideration payable (subject to adjustments) by the Purchaser to the Vendor was arrived at arm's length negotiations between the Vendor and the Purchaser on normal commercial terms and shall be determined by the following formula:

$$\text{Consideration} = A + B - C$$

where:

- “A” means HK\$80.3 million, being the agreed value of the Property;
- “B” means the carrying value/book value of the tangible assets of the Target Group (but excluding the Property and the fittings and equipment, if any) as at the Completion Date as shown in the Pro-forma Completion Accounts; and
- “C” means the amount of all liabilities of the Target Group, including actual or contingent, accrued and deferred liabilities but excluding the Sale Loan, as at the Completion Date as shown in the Pro-forma Completion Accounts.

In accordance with the formula as set out above, the Consideration is estimated to be approximately HK\$79.8 million with reference to the Management Accounts, consisting of mainly (i) the agreed value of the Property with reference to the preliminary fair market valuation of the Property of HK\$80.3 million as at 13 February 2025 as indicated by an



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## LETTER FROM THE BOARD

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independent professional valuer; (ii) the carrying value/book value of the tangible assets of the Target Group (but excluding the Property and the fittings and equipment, if any) of approximately HK\$0.1 million as at 31 January 2025; and (iii) the amount of all liabilities of the Target Group (but excluding the Sale Loan) of approximately HK\$0.6 million as at 31 January 2025.

The Consideration (subject to adjustments) shall be paid and satisfied by the Purchaser in the following manner:

- (a) a sum of HK\$7.98 million, being initial deposit, was paid by the Purchaser to the Vendor (or its designated party) within 7 days after the date of the Sale and Purchase Agreement; and
- (b) subject to adjustment in accordance with the terms and conditions of the Sale and Purchase Agreement, the remaining balance of the Consideration shall be payable to the Vendor (or its designated party) upon Completion.

The Consideration (or any part(s) thereof) shall be payable by the Purchaser to the Vendor by cash transfer to the designated bank account of the Vendor or such other bank accounts as the Vendor may direct or such other method as mutually agreed by the Vendor and Purchaser in writing.

### **Pro-forma Completion Accounts and Completion Accounts**

Pursuant to the Sale and Purchase Agreement, the Vendor shall deliver to the Purchaser (i) the Pro-forma Completion Accounts at least 5 Business Days prior to Completion; and (ii) the Completion Accounts together with the calculation of the final consideration with reference to the Completion Accounts (“**Final Consideration**”) within 10 Business Days after the Completion Date.

The Consideration payable shall be subject to the adjustments following agreement or determination of the Completion Accounts and the Final Consideration in accordance with the terms of the Sale and Purchase Agreement.

The Consideration shall be adjusted in the following manner:

- (a) If the Final Consideration is less than the Consideration as determined by reference to the Pro-forma Completion Accounts, the Consideration shall be adjusted downward by such difference; or
- (b) If the Final Consideration is higher than the Consideration as determined by reference to the Pro-forma Completion Accounts, the Consideration shall be adjusted upward by such difference.

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## LETTER FROM THE BOARD

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Such difference shall be settled between Vendor and Purchaser within 5 Business Days after receipt of the Completion Accounts in accordance with the Sale and Purchase Agreement.

### **Conditions precedent**

Completion shall be conditional upon the following conditions precedent have been fulfilled (or waived by the Purchaser, except for conditions (c) and (d) below which cannot be waived):

- (a) the Purchaser having completed its due diligence investigation on the business, financial, legal and other aspects of the Target Group and is reasonably satisfied with the results thereof;
- (b) the Vendor having proved the good title to the Property in accordance with Section 13 of the Conveyancing and Property Ordinance;
- (c) the approval by the independent shareholders of Emperor International of the Sale and Purchase Agreement and the transactions contemplated thereunder at the special general meeting of Emperor International; and
- (d) the approval by the Independent Shareholders of the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM.

In the event that any of the foregoing conditions is not fulfilled (or otherwise waived by the Purchaser, except conditions (c) and (d) above which cannot be waived) in accordance with the Sale and Purchase Agreement on or before the Completion Date, either the Vendor or the Purchaser shall be entitled to terminate the Sale and Purchase Agreement by notice in writing to the other party whereupon, subject to the terms of the Sale and Purchase Agreement, the Vendor shall return to the Purchaser all money paid by the Purchaser to the Vendor under the Sale and Purchase Agreement (if any) forthwith without costs, compensation and interest and neither party shall have any claim against the other thereon save and except for any antecedent breach. As at the Latest Practicable Date, conditions (a) and (b) have been fulfilled.

### **Completion**

Subject to the fulfillment of all the above conditions precedent (or waived by the Purchaser, except conditions (c) and (d) above which cannot be waived), Completion shall take place at or before 12:00 noon on the Completion Date or at such time as may be agreed by the Vendor and Purchaser in writing pursuant to the Sale and Purchase Agreement.

Immediately after Completion, the Target Group will become indirect wholly-owned subsidiaries of the Company.

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## LETTER FROM THE BOARD

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### INFORMATION OF THE VENDOR

The Vendor is a company incorporated in the BVI with limited liability and is principally engaged in investment holding. The Vendor is a direct wholly-owned subsidiary of Emperor International. Emperor International is an investment holding company and its subsidiaries are principally engaged in property investment and property development in the Greater China and overseas.

### INFORMATION OF THE PURCHASER

The Purchaser is a company incorporated in the BVI with limited liability and is principally engaged in investment holding. The Purchaser is a direct wholly-owned subsidiary of the Company.

### INFORMATION OF THE TARGET GROUP

The Target Company is a company incorporated in the BVI and indirectly wholly-owned by Emperor International. The principal business of the Target Company is investment holding. The Property Company is a company incorporated in Hong Kong with limited liability and directly wholly-owned by the Target Company. The Property Company is engaged in the business of property investment and holds the Property.

For the two years ended 31 March 2023 and 2024, the unaudited financial information of the Target Group is as follows:

	For the year ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
	(approximately)	(approximately)
Revenue	1,183	1,074
Loss before taxation	2,766	6,937
Loss after taxation	2,743	6,989

The unaudited combined total asset value and net liabilities of the Target Group as at 31 January 2025 were approximately HK\$80.3 million and approximately HK\$58.6 million respectively. The Sale Loan amounted to approximately HK\$138.4 million as at 31 January 2025.

### INFORMATION OF THE PROPERTY

The Property consists of the space on 2/F to 4/F and the advertising space of Nos. 4-8 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Property is sold on an “as is” basis. Based on the information provided by the Vendor, the original acquisition cost of the Property was approximately HK\$235.1 million.

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## LETTER FROM THE BOARD

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### REASONS AND BENEFITS FOR THE ACQUISITION

The Company is an investment holding company and its subsidiaries are principally engaged in the sale of European-made internationally renowned watches and jewellery products in Hong Kong, Macau, Mainland China, Singapore and Malaysia. The Purchaser is a direct wholly-owned subsidiary of the Company and is principally engaged in investment holding.

The Property is located on the second to fourth floors of a 5-storey building located on Canton Road, Tsim Sha Tsui, one of the prominent shopping districts in Hong Kong and around the world. The Group currently owns the shops on the ground and first floors of the same building and, upon Completion, the Group will own all units of the building.

Hong Kong tourism industry continued improving subsequent to the pandemic. According to the statistics of Hong Kong Tourism Board, the total number of visitor arrivals to Hong Kong increased by 30.9% from 34.0 million in 2023 to 44.5 million in 2024, amongst which the number of inbound Mainland tourists increased by 26.9% from 26.8 million to 34.0 million. In addition, the easy accessibility from the High Speed Rail (“**HSR**”) West Kowloon Station to Canton Road has undoubtedly contributed to the increasing number of patronages in Tsim Sha Tsui. According to the statistic of MTR Corporation Limited, HSR patronages increased by 32.8% from 20.1 million in 2023 to 26.7 million in 2024. In the first half of 2024, Tsim Sha Tsui was the most visited place for overnight visitors during their stay in Hong Kong, and the jewellery and watches ranked second amongst the shopping categories based on the per capita spending. Being a tourist hotspot with a considerable foot traffic, Canton Road has been regarded as a popular option of the global and Mainland renowned brands to open their multi-storey flagship stores.

The Board considers it a valuable opportunity for the Group to acquire the remaining storeys of the building, in order to unify the ownership of the entire building and establish a permanent presence at this prime location, thereby enables the Group to open mega flagship stores for its luxury watch brand partners. The Acquisition will also enable the Group to use the façade and advertising board of the building for brand promotion. More importantly, as at the Latest Practicable Date, the Group has already identified a potential top-notch luxury watch brand and planned to open and operate a mega flagship store at this 5-storey retail complex for enhancing customer experience and customer engagements.

According to Cushman & Wakefield’s 2024 Main Streets report, Tsim Sha Tsui continued to top the Asia Pacific ranking as the most expensive retail destination in the region, and ranked fourth globally, in terms of rental. Acquiring the Property also implies that the Group no longer bears the risk of rental fluctuation in the future, especially during the economic peak cycles. Amid the current down cycle of Hong Kong property market, the Board considers that the Consideration is fair and reasonable with reference to the valuation.

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## **LETTER FROM THE BOARD**

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In conclusion, the Board is of the view that the Acquisition is a valuable opportunity for the Group to strengthen its market position in the industry and boosts its business performance, which is in line with the business development strategy of the Group in the long-run. The Board (including independent non-executive Directors of whose views have been set out in this circular together with the recommendation from the Pelican) is of the view that the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **IMPLICATIONS UNDER THE LISTING RULES IN RELATION TO THE ACQUISITION**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but below 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, Emperor International and the Company are both indirectly controlled by the respective private discretionary trusts which were all set up by Dr. Yeung, who is a deemed substantial shareholder of the Company. As such, the Vendor (a direct wholly-owned subsidiary of Emperor International) is a deemed connected person of the Company and the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. The Acquisition is subject to reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

An Independent Board Committee comprising all independent non-executive Directors has been established by the Company to advise the Independent Shareholders in respect of the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder and Pelican has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in the same regard.

Ms. Cindy Yeung, an executive Director and the Chairperson of the Board, did abstain from voting on the relevant Board resolution(s) of the Company in view of her deemed interest in the Acquisition by virtue of being one of the eligible beneficiaries of the private discretionary trusts that control the Vendor and the Purchaser. For the sake of prudence, Ms. Fan Man Seung, Vanessa and Mr. Wong Chi Fai, being the executive Directors also taking up a management role in the counter-party to the Sale and Purchase Agreement, abstained from voting on the Board resolution(s) approving the Acquisition and the transactions contemplated under the Sale and Purchase Agreement. Save for the aforesaid, no other Director has a material interest or conflict of role in the transactions and has abstained from voting.

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## LETTER FROM THE BOARD

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### EGM

A notice convening the EGM to be held at 28th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong on Wednesday, 16 April 2025 at 11:30 a.m. is set out from pages EGM-1 to EGM-2 of this circular. An ordinary resolution (“**Resolution**”) will be proposed at the EGM for the Independent Shareholders to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

As at the Latest Practicable Date, the Company and Emperor International are both indirectly controlled by the respective private discretionary trusts which were all set up by Dr. Yeung, who is a deemed substantial shareholder of the Company under the SFO. Accordingly, Dr. Yeung and his associates who as at the Latest Practicable Date beneficially hold 4,298,630,000 Shares (representing approximately 59.24% of the issued Shares), will abstain from voting on the Resolution. In compliance with the Listing Rules, the Resolution will be voted by way of poll and the results of the EGM will be published after the EGM.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to attend and vote at the EGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company’s share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible, but in any event not less than 48 hours before the time of the EGM or any adjournment thereof, as the case may be. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof, should you subsequently so wish and in such event, the form of proxy will be deemed to be revoked.

In order to qualify for the right to attend and vote at the EGM, all relevant share certificates and properly completed transfer forms must be lodged for registration with the Company’s share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by not later than 4:30 p.m. on Thursday, 10 April 2025.

**No refreshments or drinks will be served and no corporate gifts will be distributed at the EGM.**

The Company would like to encourage Shareholders to exercise their rights to vote at the EGM by appointing the Chairperson of the EGM as their proxy to represent them by returning their forms of proxy by the time specified herein. Physical attendance at the EGM by Shareholders is not necessary for the purpose of exercising their voting rights.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

The Board is of the view that the terms of the Sale and Purchase Agreement have been negotiated on an arm's length basis, on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the Resolution to be proposed at the EGM. Before deciding how to vote on the Resolution at the EGM, you are advised to read (i) the Letter from the Independent Board Committee from pages 14 to 15 of this circular; and (ii) the Letter from Pelican from pages 16 to 37 of this circular which contains its advice to the Independent Board Committee and Independent Shareholders in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder as well as the principal factors and reasons considered by it in arriving its opinions.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

By order of the Board  
**Emperor Watch & Jewellery Limited**  
**Cindy Yeung**  
*Chairperson*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of the letter of recommendation from Independent Board Committee to Independent Shareholders in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder for the purpose of incorporation in this circular.*



### 英皇鐘錶珠寶有限公司 EMPEROR WATCH & JEWELLERY LIMITED

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 887)**

31 March 2025

*To the Independent Shareholders*

Dear Sir/ Madam,

#### **DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF ENTIRE EQUITY INTEREST IN TARGET COMPANY**

We refer to the circular of the Company to the Shareholders dated 31 March 2025 (“**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter will have the same meanings as those defined in the Circular.

We, Independent Board Committee, have been appointed by the Board to advise you on the terms of Sale and Purchase Agreement and the transactions contemplated thereunder. Pelican has been appointed to advise you and us in this regard. Details of its advice, together with the principal factors and reasons it has taken into consideration in giving its advice, are set out from pages 16 to 37 of the Circular. Your attention is also drawn to the “**Letter from the Board**” and the “**Letter from Pelican**” in the Circular and the additional information set out in the Appendices thereto.



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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having considered the advice given by Pelican, in particular the principal factors, reasons and recommendation as set out in its letter, we consider that (i) the entering into the Sale and Purchase Agreement and the transactions contemplated thereunder is in ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole; and (ii) the terms and conditions of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Company and Independent Shareholders are concerned. Accordingly, we recommend you to vote in favour of the relevant ordinary resolution to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of the  
**Independent Board Committee**

**Chan Sim Ling, Irene**

**Liu Hing Hung**

**Law, Michael Ka Ming**

*Independent Non-executive Directors*

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## LETTER FROM PELICAN

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*The following is a letter of advice from Pelican Financial Limited to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Sale and Purchase Agreement, which has been prepared for the purpose of incorporation in the Circular.*



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### PELICAN FINANCIAL LIMITED

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28/F, Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong

31 March 2025

*To the Independent Board Committee and the Independent Shareholders of  
Emperor Watch & Jewellery Limited*

Dear Sirs/Madams,

### **DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF ENTIRE EQUITY INTEREST IN TARGET COMPANY**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular of the Company dated 31 March 2025 (the “**Circular**”), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

As set out in the Board Letter, on 28 February 2025, the Vendor and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase (a) the Sale Share; and (b) the Sale Loan at the Consideration of HK\$79.8 million (subject to adjustment).

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## LETTER FROM PELICAN

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### LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but below 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, Emperor International and the Company are both indirectly controlled by the respective private discretionary trusts which were all set up by Dr. Yeung, who is a deemed substantial shareholder of the Company. As such, the Vendor (a direct wholly-owned subsidiary of Emperor International) is a deemed connected person of the Company and the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. The Acquisition is subject to reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

Ms. Cindy Yeung, an executive Director and the Chairperson of the Board, abstained from voting on the relevant Board resolution(s) of the Company in view of her deemed interest in the Acquisition by virtue of being one of the eligible beneficiaries of the private discretionary trusts that control the Vendor and the Purchaser. For the sake of prudence, Ms. Fan Man Seung, Vanessa and Mr. Wong Chi Fai, being the executive Directors whom have management role in the counter-party to the Sale and Purchase Agreement, also abstained from voting on the Board resolution(s) approving the Acquisition and the transactions contemplated under the Sale and Purchase Agreement. Save for the aforesaid, no other Director has a material interest or conflict of role in the transactions and has abstained from voting.

### THE INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising all independent non-executive Directors has been established by the Company to advise the Independent Shareholders in respect of the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder. We have been appointed by the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect and such appointment has been approved by the Independent Board Committee.

### OUR INDEPENDENCE

Pelican Financial Limited (“**Pelican**”) is not connected with the Directors, chief executive of the Company or substantial Shareholders or any of their respective associates and therefore is considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. As at the Latest Practicable Date, there were no relationships or interests between us and the Group, the Vendor or any of their respective substantial shareholders, directors or chief executives, or their respective associates that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser.

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## LETTER FROM PELICAN

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In the last two years, we had not been engaged by the Company for the provision of other services that would affect our independence. Apart from normal professional fees payable to us in connection with this appointment of us as Independent Financial Adviser, no arrangement exists whereby Pelican will receive any fees or benefits from the Company or the Directors, chief executive of the Company or substantial Shareholders or any of their respective associates.

Our role is to provide you with our independent opinion and recommendation as to (i) whether the Sale and Purchase Agreement and the transactions contemplated thereunder is in ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole; and (ii) whether the terms and conditions of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Company and Independent Shareholders are concerned; and (iii) how the Independent Shareholders should vote on the relevant resolution(s) in respect of the Sale and Purchase Agreement and transactions contemplated thereunder at the EGM.

### **BASIS OF OUR OPINION**

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have performed relevant procedures and those steps which we deemed necessary in forming our opinions which include, among other things, review of relevant agreements, documents as well as information provided by the Company and verified them, to an extent, to the relevant public information, statistics and market data, the relevant industry guidelines and rules and regulations as well as information, facts and representations provided, and the opinions expressed, by the Company and/or the Directors and/or the management of the Group. The documents reviewed include, but are not limited to, the Sale and Purchase Agreement, the valuation report of the Property, the annual report of the Company for the financial year ended 31 December 2023 (the “**2023 Annual Report**”), the annual results announcement for the year ended 31 December 2024 (the “**2024 Annual Results**”), and the Circular. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its management and/or the Directors, which have been provided to us.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

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## LETTER FROM PELICAN

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We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Directors and the management of the Group nor have we conducted any form of an in-depth investigation into the business and affairs or the prospects of the Group.

### **PRINCIPAL FACTORS TAKEN INTO CONSIDERATION**

In formulating our opinion in respect of the Acquisition, we have considered the following principal factors and reasons:

#### **1. Background of the Acquisition**

##### ***1.1. Information of the Group***

The Company is an investment holding company and its subsidiaries are principally engaged in the sale of European-made internationally renowned watches and jewellery products in Hong Kong, Macau, Mainland China, Singapore and Malaysia. The Purchaser is a direct wholly-owned subsidiary of the Company and is principally engaged in investment holding.

Set out below is a summary of the financial information of the Group for the two years ended 31 December 2024 as extracted from the 2024 Annual Results.

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## LETTER FROM PELICAN

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**Table 1: Revenue breakdown and other financial information of the Group**

	For the year ended	
	31 December	
	2024	2023
	(Audited)	(Audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>		
External sales	5,212,142	4,808,336
Commission income	<u>18,189</u>	<u>14,887</u>
<b>Total</b>	<b><u>5,230,331</u></b>	<b><u>4,823,223</u></b>
Cost of sales	(3,749,388)	(3,372,942)
<b>Gross profit</b>	<b>1,480,943</b>	<b>1,450,281</b>
Other income	25,657	14,802
Selling and distribution expenses	(992,131)	(932,960)
Administrative expenses	(148,161)	(137,802)
Other gains or losses	(25,151)	(16,361)
Finance costs	(24,119)	(10,228)
<b>Profit before taxation</b>	<b>317,038</b>	<b>367,732</b>
Taxation	(60,301)	(68,513)
<b>Profit for the year</b>	<b>256,737</b>	<b>299,219</b>

The Group is a leading retailer of European-made internationally renowned watches, together with jewellery products under its own brand, “Emperor Jewellery”. With a history of over 80 years, the Group carries a balanced and comprehensive watch dealership list. The target customers range from middle to high income groups worldwide. The Group’s core strategy focuses on maintaining its position as the leading watch and jewellery retailing group in Greater China, coupled with an eye on expansion beyond the region.

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## LETTER FROM PELICAN

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According to the 2024 Annual Results, despite the market uncertainties and weak consumption sentiment, the Group's total revenue increased by 8.4% to HK\$5,230.3 million (2023: HK\$4,823.2 million) during the year. Revenue from Hong Kong was up by 16.5% to HK\$2,923.2 million (2023: HK\$2,510.0 million), accounting for 55.9% (2023: 52.0%) of the total revenue, and the revenue from Mainland China was HK\$1,350.8 million (2023: HK\$1,372.9 million), accounting for 25.8% (2023: 28.5%) of the total revenue. In terms of revenue by product segment, the revenue from the watch segment was HK\$3,337.3 million (2023: HK\$3,480.4 million), accounting for 63.8% (2023: 72.2%) of the total revenue, and the revenue from the jewellery segment increased significantly by 41.0% to HK\$1,893.0 million (2023: HK\$1,342.8 million), accounting for 36.2% (2023: 27.8%) of the total revenue, mainly attributable to the increase in revenue from gold products.

The Group's gross profit was HK\$1,480.9 million (2023: HK\$1,450.3 million) and the net profit was HK\$256.7 million (2023: HK\$299.2 million).

According to the 2023 Annual Report, boosted by the full resumption of travel and revival of consumption sentiment, the Group's total revenue grew by approximately 30.9% to HK\$4,823.2 million (2022: HK\$3,684.3 million) for the year ended 31 December 2023. Revenue from Hong Kong and Mainland China were approximately HK\$2,510.0 million (2022: HK\$1,652.5 million) and HK\$1,372.9 million (2022: HK\$1,186.3 million), respectively, accounting for 52.0% (2022: 44.9%) and 28.5% (2022: 32.2%) of the total revenue, respectively. In terms of revenue by product segment, the sales revenue from the watch and jewellery segments were HK\$3,480.4 million (2022: HK\$3,017.6 million) and HK\$1,342.8 million (2022: HK\$666.7 million), respectively, accounting for 72.2% (2022: 81.9%) and 27.8% (2022: 18.1%) of the total revenue, respectively.

Gross profit increased by 23.2% to HK\$1,450.3 million (2022: HK\$1,177.3 million). As a result of the improvement in total revenue, the Group's net profit increased by approximately 34.7% to HK\$299.2 million (2022: HK\$222.1 million) during the year.

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## LETTER FROM PELICAN

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The consolidated assets and liabilities of the Group as at 31 December 2024 as extracted from the 2024 Annual Report are summarized as follows:

**Table 2: Financial position of the Group**

	<b>As at 31 December 2024 (Audited) HK\$'000</b>	<b>As at 31 December 2023 (Audited) HK\$'000</b>
<b>Cash and cash equivalents</b>	<b>916,360</b>	<b>458,750</b>
<b>Time deposits with original maturity over three months</b>	<b>33,459</b>	<b>160,898</b>
<b>Total assets</b>		
– Non-current assets	1,870,537	1,849,216
– Current assets	4,071,818	3,859,148
<b>Total liabilities</b>		
– Non-current liabilities	197,077	130,582
– Current liabilities	531,188	531,094
<b>Net current assets</b>	<b>3,540,630</b>	<b>3,328,054</b>
<b>Net assets</b>	<b>5,214,090</b>	<b>5,046,688</b>

The Group's cash and bank balances (including time deposits with original maturity over three months) amounted to approximately HK\$949.8 million as at 31 December 2024, representing an increase of approximately HK\$330.2 million or 53.3%, as compared to that of approximately HK\$619.6 million as at 31 December 2023.

The Group's total assets amounted to approximately HK\$5,942.4 million and HK\$5,708.4 million as at 31 December 2024 and 31 December 2023, respectively. As at 31 December 2024, the Group's non-current assets amounted to approximately HK\$1,870.5 million, mainly comprised of property, plant and equipment of HK\$1,383.4 million. The non-current assets increased by HK\$21.3 million or 1.2%, from approximately HK\$1,849.2 million as at 31 December 2023, which was mainly attributable to the increase in right-of-use assets of HK\$98.6 million. The Group's current assets amounted to approximately HK\$4,071.8 million as at 31 December 2024, mainly consisted of (i) inventories of approximately HK\$3,003.4 million; and (ii) cash and cash equivalents of approximately HK\$916.4 million. The current assets increased by approximately HK\$212.7 million or 5.5%, from approximately HK\$3,859.1 million as at 31 December 2023 was mainly attributable to the increase in cash and cash equivalents (including time deposits with original maturity over three months) of approximately HK\$ 330.2 million.



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## LETTER FROM PELICAN

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The Group's total liabilities amounted to approximately HK\$728.3 million and HK\$661.7 million as at 31 December 2024 and 31 December 2023, respectively. As at 31 December 2024, the Group's non-current liabilities amounted to approximately HK\$197.1 million, mainly comprised of lease liabilities of HK\$195.9 million. The non-current liabilities increased by HK\$66.5 million or 50.9%, from approximately HK\$130.6 million as at 31 December 2023, was mainly attributable to the increase in lease liabilities of HK\$68.7 million. The Group's current liabilities amounted to approximately HK\$531.2 million as at 31 December 2024, mainly consisted of (i) lease liabilities of approximately HK\$216.5 million and (ii) payables and accrued charges of approximately HK\$202.4 million. The current liabilities remained stable as at 31 December 2024 compared to its last year.

### ***1.2. Information of the Purchaser***

The Purchaser is a company incorporated in the BVI with limited liability and is principally engaged in investment holding. The Purchaser is a direct wholly-owned subsidiary of the Company.

### ***1.3. Information of the Vendor***

The Vendor is a company incorporated in the BVI with limited liability and is principally engaged in investment holding. The Vendor is a direct wholly-owned subsidiary of Emperor International. Emperor International is an investment holding company and its subsidiaries are principally engaged in property investment and property development in the Greater China and overseas.

### ***1.4. Information of the Target Group***

The Target Company is a company incorporated in the BVI and indirectly wholly-owned by Emperor International. The principal business of the Target Company is investment holding. The Property Company is a company incorporated in Hong Kong with limited liability and directly wholly-owned by the Target Company. The Property Company is engaged in the business of property investment and holds the Property.

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## LETTER FROM PELICAN

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For the two years ended 31 March 2023 and 2024, the unaudited financial information of the Target Group is as follows:

	For the year ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
	(approximately)	(approximately)
Revenue	1,183	1,074
Loss before taxation	2,766	6,937
Loss after taxation	2,743	6,989

The unaudited combined total asset value and net liabilities of the Target Group as at 31 January 2025 were approximately HK\$80.3 million and approximately HK\$58.6 million respectively. The Sale Loan amounted to approximately HK\$138.4 million as at 31 January 2025.

### **1.5. Information of the Property**

The Property consists of the space on 2/F to 4/F and the advertising space of Nos. 4-8 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Property is sold on an “as is” basis. Based on the information provided by the Vendor, the original acquisition cost of the Property was approximately HK\$235.1 million.

## **2. Reasons for and benefits of the Acquisition**

We have taken into account the following factors in assessing the reasonableness of entering into the Sale and Purchase Agreement and the transactions contemplated thereunder by the Company:

### **(a) Unify the ownership of the entire building**

The Property is located on the second to fourth floors of a 5-storey building located on Canton Road, Tsim Sha Tsui, one of the prominent shopping districts in Hong Kong and around the world. The Group currently owns the shops on the ground and first floors of the same building. The Board considers it a valuable opportunity for the Group to acquire the remaining storeys of the building and, upon Completion, the Group will own all units of the building. The Board considers it a valuable opportunity for the Group to open mega flagship stores for its luxury watch brand partners. The Acquisition will also enable the Group to use the facade and advertising board of the building for brand promotion.

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## LETTER FROM PELICAN

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By unifying the ownership of the entire building, it enhances “control premium” value (the additional value derived from owning and controlling the entire building rather than partial ownership) and offers strategic flexibility for business development, thereby reinforcing the Group’s market position within the industry. In this regard, as at the Latest Practicable Date, the Group has already identified a potential top-notch luxury watch brand and planned to open and operate a mega flagship store at this 5-storey retail complex for enhancing customer experience and customer engagement.

Based on our latest conversation with the management of the Group, it is essential for customers to visit the store physically for a personal and authentic customer experience when they purchase luxury items, and opening a flagship store at this retail complex will enable the watch brands to achieve this. Per the management of the Group, one of its luxury watch brand partners will very likely open a mega flagship store at this 5-storey retail complex/it is under negotiation with one of its luxury watch brand partners to open a mega flagship store at this 5-storey retail complex upon the completion of the Acquisition.

***(b) The Property’s prime location and the risk exposure to rental fluctuation***

The easy accessibility from the High Speed Rail (“HSR”) West Kowloon Station to Canton Road has undoubtedly contributed to the increasing number of patronages in Tsim Sha Tsui. According to the statistic of MTR Corporation Limited, HSR patronages increased by 32.8% from 20.1 million in 2023 to 26.7 million in 2024. In the first half of 2024, Tsim Sha Tsui was the most visited place for overnight visitors during their stay in Hong Kong, and the jewellery and watches ranked second amongst the shopping categories based on the per capita spending. Being a tourist hotspot with a considerable foot traffic, Canton Road has been regarded as a popular option of the global and Mainland renowned brands to open their multi-storey flagship stores. According to Cushman & Wakefield’s 2024 Main Streets report, Tsim Sha Tsui continued to top the Asia Pacific ranking as the most expensive retail destination in the region, and ranked fourth globally, in terms of rental.

Acquiring the Property means that the Group will no longer be exposed to the risks associated with rental fluctuations in the future, particularly during periods of economic peak cycles. Hence, the unified ownership as mentioned above is expected to generate value beyond the sum of individual floor values, with potential for long-term rental cost savings.

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## LETTER FROM PELICAN

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***(c) Outlook of Hong Kong tourism market***

Hong Kong, an international city and a tourism hub with diverse culture, has long been one of the most popular tourist destinations in the world. Premising on the strong support of our country, Hong Kong's tourism industry demonstrated strong competitiveness and resilience after the pandemic. According to the statistics of Hong Kong Tourism Board, the total number of visitor arrivals to Hong Kong increased by 30.9% from 34.0 million in 2023 to 44.5 million in 2024, amongst which the number of inbound Mainland tourists increased by 26.9% from 26.8 million to 34.0 million. In addition, the government's initiative, exemplified by the Culture, Sports and Tourism Bureau's release of "Development Blueprint for Hong Kong's Tourism Industry 2.0" in December 2024, articulates a visionary framework that encompasses fundamental principles and development strategies. This blueprint aims to foster the healthy and sustainable growth of tourism-related sectors while promoting long-term economic development through tourism. The Group is poised to benefit from the government's endeavors to develop the tourism industry of Hong Kong.

***(d) Owning vs Renting***

Regarding the reason why the Company decided to acquire the Property now instead of continuing rent as the tenancy will only expire on 31 December 2033, the reasons are as follows after our discussion with the Company:

- (i) **Building equity:** Despite the coming years of rental cash outflow, the Company will still not own any equity interest in future. Considering the factors above, an acquisition appears to be a reasonable decision. The acquisition of the Property will alleviate the Group's responsibility to pay a continuous amount of rent pursuant to the relevant tenancy agreement and enhance long-term profitability.
- (ii) **Flexibility:** The unifying of ownership of the Property enables the Company to scale its operations more efficiently, with higher flexibility to make refurbishment and upgrade facilities to maintain competitiveness in the long term. Although the tenancy is up to 2033; however, it will eventually reach its conclusion.

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## LETTER FROM PELICAN

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- (iii) Interest income vs rental cost: The Group consistently achieved profit (attributable to owners of the Company) in the past five years from approximately HK\$90.0 million in FY2019 to approximately HK\$256.7 million in FY2024 with a bank balances and cash (including time deposits with original maturity over three months) increased from approximately HK\$239.9 million to approximately HK\$949.8 million. Taking into account of the Company's cash and cash equivalents carried an interest rate ranged from 0.01% to 4.28% (cash inflow) during FY2024, while the Company pays rent equivalent to a 1.2% market yield of Property (cash outflow) annually, it is not unreasonable for the Company to acquire the Property following a price slump in the past few years, which would eliminate ongoing rental expenses while providing potential for long-term capital appreciation.
- (iv) The Property is located in a prime area in Tsim Sha Tsui, which is adjacent to large commercial plazas and residential areas and is considered to be a high-quality asset with long-term investment value. It is considered that the potential capital appreciation in the Property (part of offsetting the inflation) would allow the Group to have investment returns in future.

In conclusion, amid the current down cycle in the Hong Kong property market, we concur with the Board's view that the Acquisition is a valuable opportunity for the Group to strengthen its market position in the industry and boosts its business performance through capitalizing on the increasing tourism traffic, which is in line with the business development strategy of the Group in the long-run.

### **3. Principal terms of the Sale and Purchase Agreement**

Below summarises the major terms of the Sale and Purchase Agreement:

Date:	28 February 2025
Vendor:	Emperor Property Investment
Purchaser	Emperor W&J (HK & Macau)
Subject Matter	(i) the Sale Share; and (ii) the Sale Loan

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## LETTER FROM PELICAN

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### **3.1. Consideration and payment terms**

The Consideration payable (subject to adjustments) by the Purchaser to the Vendor was arrived at arm's length negotiations between the Vendor and the Purchaser on normal commercial terms and shall be determined by the following formula:

$$\text{Consideration} = A + B - C$$

where:

- “A” means HK\$80.3 million, being the agreed value of the Property;
- “B” means the carrying value/book value of the tangible assets of the Target Group (but excluding the Property and the fittings and equipment, if any) as at the Completion Date as shown in the Pro-forma Completion Accounts; and
- “C” means the amount of all liabilities of the Target Group, including actual or contingent, accrued and deferred liabilities but excluding the Sale Loan, as at the Completion Date as shown in the Pro-forma Completion Accounts.

In accordance with the formula as set out above, the Consideration is estimated to be approximately HK\$79.8 million with reference to the Management Accounts, consisting of mainly (i) the agreed value of the Property with reference to the preliminary fair market valuation of the Property of HK\$80.3 million as at 13 February 2025 as indicated by an independent professional valuer; (ii) the carrying value/book value of the tangible assets of the Target Group (but excluding the Property and the fittings and equipment, if any) of approximately HK\$0.1 million as at 31 January 2025; and (iii) the amount of all liabilities of the Target Group (but excluding the Sale Loan) of approximately HK\$0.6 million as at 31 January 2025.

The Consideration (subject to adjustments) shall be paid and satisfied by the Purchaser in the following manner:

- (a) a sum of HK\$7.98 million, being initial deposit, was paid by the Purchaser to the Vendor (or its designated party) within 7 days after the date of the Sale and Purchase Agreement; and

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## LETTER FROM PELICAN

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- (b) subject to adjustment in accordance with the terms and conditions of the Sale and Purchase Agreement, the remaining balance of the Consideration shall be payable to the Vendor (or its designated party) upon Completion.

The Consideration (or any part(s) thereof) shall be payable by the Purchaser to the Vendor by cash transfer to the designated bank account of the Vendor or such other bank accounts as the Vendor may direct or such other method as mutually agreed by the Vendor and Purchaser in writing.

### ***3.2. Pro-forma Completion Accounts and Completion Accounts***

Pursuant to the Sale and Purchase Agreement, the Vendor shall deliver to the Purchaser (i) the Pro-forma Completion Accounts at least 5 Business Days prior to Completion; and (ii) the Completion Accounts together with the calculation of the final consideration with reference to the Completion Accounts (“**Final Consideration**”) within 10 Business Days after the Completion Date.

The Consideration payable shall be subject to the adjustments following agreement or determination of the Completion Accounts and the Final Consideration in accordance with the terms of the Sale and Purchase Agreement.

The Consideration shall be adjusted in the following manner:

- (a) If the Final Consideration is less than the Consideration as determined by reference to the Pro-forma Completion Accounts, the Consideration shall be adjusted downward by such difference; or
- (b) If the Final Consideration is higher than the Consideration as determined by reference to the Pro-forma Completion Accounts, the Consideration shall be adjusted upward by such difference.

Such difference shall be settled between Vendor and Purchaser within 5 Business Days after receipt of the Completion Accounts in accordance with the Sale and Purchase Agreement.

### ***3.3. Conditions precedent***

Completion shall be conditional upon the following conditions precedent have been fulfilled (or waived by the Purchaser, except for conditions (c) and (d) below which cannot be waived):

- (a) the Purchaser having completed its due diligence investigation on the business, financial, legal and other aspects of the Target Group and is reasonably satisfied with the results thereof;

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## LETTER FROM PELICAN

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- (b) the Vendor having proved the good title to the Property in accordance with Section 13 of the Conveyancing and Property Ordinance;
- (c) the approval by the independent shareholders of Emperor International of the Sale and Purchase Agreement and the transactions contemplated thereunder at the special general meeting of Emperor International; and
- (d) the approval by the Independent Shareholders of the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM.

In the event that any of the foregoing conditions is not fulfilled (or otherwise waived by the Purchaser, except conditions (c) and (d) above which cannot be waived) in accordance with the Sale and Purchase Agreement on or before the Completion Date, either the Vendor or the Purchaser shall be entitled to terminate the Sale and Purchase Agreement by notice in writing to the other party whereupon, subject to the terms of the Sale and Purchase Agreement, the Vendor shall return to the Purchaser all money paid by the Purchaser to the Vendor under the Sale and Purchase Agreement (if any) forthwith without costs, compensation and interest and neither party shall have any claim against the other thereon save and except for any antecedent breach. As at the Latest Practicable Date, conditions (a) and (b) have been fulfilled.

### **3.4. Completion**

Subject to the fulfillment of all the above conditions precedent (or waived by the Purchaser, except conditions (c) and (d) above which cannot be waived), Completion shall take place at or before 12:00 noon on the Completion Date or at such time as may be agreed by the Vendor and Purchaser in writing pursuant to the Sale and Purchase Agreement.

Immediately after Completion, the Target Group will become indirect wholly-owned subsidiaries of the Company.

## **4. Assessment of the principal terms of the Sale and Purchase Agreement**

In assessing the fairness and reasonableness of the Consideration, we have in particular considered the property valuation report as set out in Appendix I to this Circular (the “**Valuation Report**”). In this respect, we noted that Vincorn Consulting and Appraisal Limited (the “**Valuer**”) has been engaged to issue the Valuation Report. According to the Valuation Report, the fair market valuation of the Property is HK\$80.3 million as at 13 February 2025.



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## LETTER FROM PELICAN

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### ***4.1. Our due diligence on the Valuer***

We have interviewed the Valuer and conducted an enquiry into their experiences and qualification. According to our interview and the information provided by the Valuer, we noted that the person signing the Valuation Report, being the director of the Valuer, is a fellow of the Hong Kong Institute of Surveyors, a fellow of the Royal Institution of Chartered Surveyors, a Registered Professional Surveyor (General Practice), a member of China Institute of Real Estate Appraisers and Agents, a member of Hong Kong Securities and Investment Institute, a member of Institute of Shopping Centre Management, a member of Hong Kong Institute of Real Estate Administrators, a fellow of the Hong Kong Institute of Directors, a Registered Valuer of the Royal Institution of Chartered Surveyors and a Registered Real Estate Appraiser and Agent People's Republic of China who has over 27 years of experience in handling valuation of fixed and intangible assets in Hong Kong. We are satisfied with the competence of the independent Valuer in respect of the preparation of the Valuation Report.

We also confirmed with the Valuer that it is not the Company's subsidiary or holding company or a subsidiary of the Company's holding company or any of its partners, directors or officers, is not an officer or servant or proposed director of the Company or the Company's subsidiary or holding company or of a subsidiary of the Company's holding company or any associated company. The Valuer also confirmed that they are independent to the Group and the Vendor.

We have also obtained and reviewed the Valuer's terms of engagement and discussed with the Valuer its work performed in connection with this valuation. From the mandate letter and other relevant information provided by the Valuer and based on our interview with them, we were satisfied with the terms of engagement of the Valuer.

With respect to the steps and due diligence measures taken by the Valuer in performing the valuation, we note that the Valuer mainly carried out its due diligence through, among other, (i) on-site inspection on the Property conducted by the Valuer; (ii) internal background check; and (iii) conducted its own research on the key parameters adopted in the valuations. We noted the scope of work performed by the Valuer is consistent with the market practice and appropriate to give the opinion. Based on our review, we are not aware of any limitations on the scope of work which might have a negative impact on the degree of assurance given by the Valuer in the Valuation Report.

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## LETTER FROM PELICAN

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### ***4.2 Our analysis on the basis of determination of the Consideration***

As stated in the Board Letter and our discussion with the management of the Group, the Consideration was arrived at after arm's length negotiation between the Vendor and the Purchaser taking into account the Management Accounts, consisting of mainly (i) the agreed value of the Property with reference to the preliminary fair market valuation of the Property of HK\$80.3 million as at 13 February 2025 as indicated by the Valuer; (ii) the carrying value/book value of the tangible assets of the Target Group (but excluding the Property and the fittings and equipment, if any) of approximately HK\$0.1 million as at 31 January 2025; and (iii) the amount of all liabilities of the Target Group (but excluding the Sale Loan) of approximately HK\$0.6 million as at 31 January 2025.

In order to assess the fairness and reasonableness of the Consideration, we have reviewed the Valuation Report prepared by the Valuer. We understand that it was prepared in accordance with the HKIS Valuation Standards 2024 published by The Hong Kong Institute of Surveyors (the "HKIS") effective from 31 December 2024 with reference to the International Valuation Standards published by the International Valuation Standards Council ("IVSC") effective from 31 January 2025, and the requirements set out in Chapter 5 of the Listing Rules. With reference to the Valuation Report, the Valuer is of the opinion that the estimated value of the Property as at 13 February 2025 would be approximately HK\$80.3 million. In conducting the valuation of the Property, the Valuer has also adopted the following assumptions: (i) the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests; (ii) no allowances have been made for any charges, mortgages or amounts owing on the property interests, nor for any expenses or taxations which may be incurred in effecting a sale; (iii) the owner has free and uninterrupted rights to use the property interests for the whole of the unexpired term of the leasehold interests.

We noted from the Valuation Report that the Valuer has provided the valuation on the basis of market value, which meant the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. The Valuer adopted the market approach for the valuation of the Property by comparing prices realized in actual transactions and/or asking price of comparable properties located in the surrounding area. According to our interview with the Valuer, we understand that (i) in an open market where reliable, verifiable and relevant market information of property of a similar nature is available; and (ii) in luxury properties market, the market approach adopted by the Valuer in the Valuation Report is the preferred valuation approach and is a commonly adopted approach for property valuation.

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## LETTER FROM PELICAN

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We have obtained the information on the comparable properties for the valuation of the Property from the Valuer and have conducted an interview with the Valuer. The Valuer conducted thorough market research on available comparable properties for the valuation of the Property and selected 5 recent transactions of properties (the “**Comparable Properties**”). We noted that the selection criteria of the Comparable Properties had taken into account, among others, (i) location, which should be located in the vicinity of the Property; (ii) similarity in property nature; and (iii) time, which should be transacted within a reasonable period from the valuation date to ensure there were sufficient comparable properties that met the target characteristics. We understand from the Valuer that four to five relevant transactions that meet the selection criteria are sufficient evidence for the valuation of the Property under market approach. With sufficient comparable properties that met the target characteristics, and considering that comparable property transactions closer to the valuation date are generally more relevant and reliable, along with the Valuer including the time factor as one of the adjustments in the valuation of the Property to reflect the price trends of the luxury commercial properties market in Hong Kong between the transaction date of the respective Comparable Properties and the valuation date, we believe that the selection period of less than one year is fair and reasonable. We understand from the Valuer that these selection criteria were commonly used in valuation practice. In light of the above, we are of the view that the selection criteria of the Comparable Properties are fair and reasonable for the valuation of the Property.

We have conducted independent research on the information of the Comparable Properties and noted that the Comparable Properties are (i) all located in the vicinity of the Property; (ii) similar in property nature; and (iii) transacted between April 2024 to December 2024, which are within one year from the valuation date. As the information of the Comparable Properties has fulfilled the selection criteria, we are of the view that the Comparable Properties are exhaustive and representative for the valuation of the Property.

Based on our interview with the Valuer, we also noted that the Valuer has taken into account various factors when comparing the Property and the Comparable Properties, including but not limited to, time of transaction, size, provision of ancillary areas and facilities and building quality. The Comparable Properties’ effective saleable unit rate ranged from approximately HK\$21,495 to HK\$39,452 per sq. ft. As the market approach determines the value of a property by comparing recent transaction prices of similar property on the valuation benchmark date based on the principle of substitution, we noted that appropriate adjustments have been made by the Valuer on the above factors to reflect the differences between the Property and the respective Comparable Properties. The adjustments included (i) location; (ii) building age; (iii) floor level; (iv) size; (v) timing of transaction; and (vi) other material factors such as building quality and provision of ancillary areas. These adjustments resulted in a percentage range of aggregate adjustments amongst the Comparable Properties of

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## LETTER FROM PELICAN

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approximately 4.4% to 17.0%. After taking into account of the aforementioned adjustments, the Valuer adopted an effective saleable unit rate of approximately HK\$27,884 per sq. ft. for the valuation of the Property, which refers to the rate of the 2nd floor of the Property.

As the Property consists of other floors (apart from the 2nd floor), advertising space and common areas and facilities, the Valuer further adjusted the effective saleable unit rate from HK\$27,661 to HK\$30,115 per sq. ft., which represents an average unit rate of HK\$28,528 per sq. ft. on the basis of effective saleable area. Given that the total effective saleable area of the Property is approximately 2,814.75 sq. ft., the valuation of the Property is estimated to be approximately HK\$80.3 million as at 13 February 2025 as set out in the Valuation Report.

Based on the interview with the Valuer, we understand that the aforementioned valuation adjustments (including further adjustments) are commonly used in valuation practice. As relevant and appropriate adjustments have been made by the Valuer to reflect the differences between the respective Comparable Properties and the Property, we consider such adjustments to be fair and reasonable for the valuation of the Property.

For the selection criteria of the Comparable Properties, having considered the wide range of unit rates among the Comparable Properties (from HK\$21,495 to HK\$39,452 per sq. ft.), we are of the view that such variation is reflective of normal market differentials within Hong Kong's commercial property sector. The range is attributable to differences in specific location attributes, floor levels, building conditions and property features, all of which are properly accounted for in the Valuer's adjustment process. As all selected comparables satisfy the fundamental selection criteria described above and the Valuer has applied appropriate methodology in deriving the adopted unit rate of HK\$28,528 per sq. ft., we consider the selection and comparability of the Comparable Properties to be fair and reasonable for the purpose of valuing the Property.

## LETTER FROM PELICAN

Market research has been conducted on the recent circulars issued by companies listed on the Stock Exchange from 1 November 2024, up to the date of the Announcement, concerning the acquisition or disposal of companies where a majority of assets consist of property interests or properties involving connected persons (“**Listed Comparables**”). A total of nine Listed Comparables have been identified, which are exhaustive, representative and comprehensive, as detailed below:

### Listed Comparables

Date of circular	Company name (stock code)	Asset to be acquired/disposed	Description of property	Valuation approach for the subject property	Adjustment factors
25-Feb-2025	Future World Holdings Limited (572)	Acquisition of property	Residential property	Market approach	Date of transaction, building age, floor level, size, view, and building condition
26-Feb-2025	Mexan Limited (22)	Disposal of property	Hotel in Hong Kong and furnitures	Market approach	Date of transaction, location, size, building age, and view
24-Jan-25	China Agri-Products Exchange Limited (149)	Acquisition of 100% equity interests in a company	Agricultural markets located in Shenzhen	Income capitalisation approach	Date of transaction, location, accessibility, building age, building quality, trade mix and size
13-Jan-2025	Excellence Commercial Property & Facilities Management Group Limited (6989)	Acquisition of property and 50% equity interest of a company	Commercial properties in Shanghai and Guangdong	Market approach	Location and accessibility, building quality, view, layout
6-Jan-2025	Dowell Service Group Co. Limited (2352)	Acquisition of 100% equity interests in a company	Elderly centre in Chengdu City	Investment method	Date of transaction, location, layout, level and size
19-Dec-2024	Kinetic Development Group Limited (1277)	Acquisition of 100% equity interests in two companies	Property projects in PRC including buildings for commercial and residential use	Market approach	Location, size, transaction date, plot ratio and the perfect degree of infrastructure
3-Dec-2024	Beijing Media Corporation Limited (1000)	Disposal of property	Six office units located in Beijing, PRC	Market approach	Date of transaction, building age, floor level, size, view, and property rights status
29-Nov-2024	Jinke Smart Services Group Co., Ltd. (9666)	Acquisition of property	Commercial properties and car parking spaces in multiple cities in PRC	Market approach	Date of transaction, market conditions, size, location, building age, building quality

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## LETTER FROM PELICAN

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Date of circular	Company name (stock code)	Asset to be acquired/disposed	Description of property	Valuation approach for the subject property	Adjustment factors
7-Nov-2024	China Wantian Holdings Limited (1854)	Disposal of 100% equity interests in a subsidiary	Industrial units in Hong Kong	Market approach	Date of transaction, layout, floor level, size, and location

Based on the information presented in the table above, it is observed that (i) seven out of nine Listed Comparables utilized the market approach for property valuation; and (ii) among the seven transactions that adopted the market approach, the adjustment factors employed by the independent valuers in the Listed Comparables generally align with the practices of the Valuer when assessing the Property.

As shown in the table above, given the market approach in the Valuation Report is adopted by a large majority, and the major assumptions made in relation to the market approach are reasonable, we concur with the Valuer that the market approach was appropriate for the valuation of the Property and we concurred with the Valuer that the selection of the Comparable Properties used in the valuation of the Property and the basis of the adjustments made are fair and reasonable.

Taking into account of the above, we are of the view that the methodology, together with the underlying bases and assumptions for the valuation of the Property, are fair and reasonable and that the Valuation Report is an appropriate reference for determining the valuation of the Property. Given that the Consideration of approximately HK\$79.8 million is equivalent to (i) the agreed value of the Property of approximately HK\$80.3 million as at 13 February 2025, as stated in the Valuation Report, plus (ii) the carrying value/book value of the tangible assets of the Target Group (but excluding the Property and the fittings and equipment, if any) of approximately HK\$0.1 million as at 31 January 2025, and minus (iii) the amount of all liabilities of the Target Group (but excluding the Sale Loan) of approximately HK\$0.6 million as at 31 January 2025, we consider the Consideration to be on normal commercial terms, fair and reasonable so far as the Company and Independent Shareholders as a whole are concerned.

Having considered the above and the reasons of the Acquisition and the transactions contemplated thereunder, we are of the view that the terms of the Acquisition are on normal commercial terms, are fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole.

### **5. Financial effects of the Acquisition**

Upon Completion, the Target Group will be wholly-owned subsidiaries of the Company and their respective financial results will be consolidated into the consolidated financial statements of the Group.

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## LETTER FROM PELICAN

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As the Consideration of HK\$79.8 million will be funded by the Group's internal resources, the Group's cash and bank balances are expected to decrease by the same amount which represents approximately 8.7% of the Group's cash and cash equivalents balance as at 31 December 2024 of approximately HK\$916.4 million. Further, it was noted that the Group had net cash (being cash and bank balances less total interest-bearing borrowings) of approximately HK\$916.4 million and hence a zero net gearing ratio (being net debt divided by total equity) as at 31 December 2024. Therefore, it is expected that the Acquisition would not have any material adverse impact on the working capital and gearing ratio of the Group upon its completion.

### RECOMMENDATION

Having considered the principal factors and reasons referred to above, we are of the opinion that the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms and were entered into in the ordinary and usual course of business of the Group. We are also of the view that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and its Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favor of the resolution(s) to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. We also recommend the Independent Shareholders to vote in favour of the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM.

Yours faithfully,  
For and on behalf of  
**Pelican Financial Limited**  
**Charles Li\***  
*Managing Director*

\* *Charles Li is a responsible person registered under the SFO to carry out Type 6 (advising on corporate finance) regulated activity for Pelican Financial Limited and has over 30 years of experience in the accounting and financial services industry.*

*The following is the text of a letter and a valuation certificate prepared for the purpose of incorporation in this circular received from Vincorn Consulting and Appraisal Limited, an independent valuer, in connection with its valuation of the property interests to be acquired by the Group. Terms defined in this appendix applies to this appendix only.*

**Vincorn Consulting and Appraisal Limited**  
Units 1602-4, 16/F  
308 Central Des Voeux  
No. 308 Des Voeux Road Central  
Hong Kong

**The Board of Directors**

Emperor Watch & Jewellery Limited  
25/F, Emperor Group Centre,  
No. 288 Hennessy Road,  
Wanchai, Hong Kong

31 March 2025

Dear Sirs,

**INSTRUCTION AND VALUATION DATE**

We refer to your instructions for us to assess the Market Value of the property interests located in Hong Kong to be acquired by Emperor Watch & Jewellery Limited (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) for the purposes of public disclosure. We confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary in order to provide you with our opinion of the Market Value of the property interests as at 13 February 2025 (the “**Valuation Date**”).

**VALUATION STANDARDS**

The valuation has been prepared in accordance with the HKIS Valuation Standards 2024 published by The Hong Kong Institute of Surveyors effective from 31 December 2024 with reference to the International Valuation Standards published by the International Valuation Standards Council effective from 31 January 2025; and the requirements set out in the Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

**VALUATION BASIS**

Our valuation has been undertaken on the basis of Market Value. Market Value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.



**VALUATION ASSUMPTIONS**

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowances have been made for any charges, mortgages or amounts owing on the property interests, nor for any expenses or taxations which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect the values of the property interests.

As the property interests are held under long term leasehold interests, we have assumed that the owner has free and uninterrupted rights to use the property interests for the whole of the unexpired term of the leasehold interests.

**VALUATION METHODOLOGY**

When valuing the property interests to be acquired by the Group, we have adopted Market Approach.

Market Approach is universally considered as the most accepted valuation approach for valuing most forms of property. This involves the analysis of recent market evidence of similar properties to compare with the subject under valuation. Each comparable is analysed on the basis of its unit rate; each attribute of the comparables is then compared with the subject and where there are any differences, the unit rate is adjusted in order to arrive at the appropriate unit rate for the subject. This is done by making percentage adjustments to the unit rate for various factors, such as time, location, building age, building quality and so on.

**LAND TENURE AND TITLE INVESTIGATION**

We have made enquires and relevant searches at the Hong Kong Land Registry. However, we have not searched the original documents nor have we verified the existence of any amendments, which do not appear in the documents available to us. All documents have been used for reference only.

All legal documents disclosed in this letter and the valuation certificate are for reference only. No responsibility is assumed for any legal matters concerning the legal titles to the property interests set out in this letter and the valuation certificate.

**INFORMATION SOURCES**

We have relied to a considerable extent on the information provided by the Group. We have also accepted advice given to us on matters such as identification of the property, particulars of occupancy, areas and all other relevant matters. Dimensions, measurements and areas included in the valuation are based on information contained in the documents provided to us and are, therefore, only approximations.

We have also been advised by the Group that no material factors or information have been omitted or withheld from information supplied and consider that we have been provided with sufficient information to reach an informed view. We believe that the assumptions used in preparing our valuation are reasonable and have had no reason to doubt the truth and accuracy of information provided to us by the Group which is material to the valuation.

**INSPECTION AND INVESTIGATIONS**

The property was inspected externally and internally. Although not all areas were accessible for viewing at the time of inspection, we have endeavoured to inspect all areas of the property. Investigations were carried out as necessary. Our investigations have been conducted independently and without influence from any third party in any manner.

We have not tested any services of the property and are therefore unable to report on their present conditions. We have not undertaken any structural surveys of the property and are therefore unable to comment on the structural conditions. We have not carried out any investigations on site to determine the suitability of the ground conditions for any future developments. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be required.

We have not carried out any on-site measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the documents or deduced from the plans are correct. All documents and plans have been used as reference only and all dimensions, measurements and areas are therefore approximations.

**CURRENCY**

Unless otherwise stated, all monetary figures stated in this report are in Hong Kong Dollars (“**HKD**”).

The valuation certificate is attached hereto.

Yours faithfully,  
For and on behalf of  
**Vincorn Consulting and Appraisal Limited**  
**Vincent Cheung**  
*BSc(Hons) MBA FHKIS FRICS R.P.S.(GP)*  
*MCIREA MHKSI MISCM MHIREA FHKIoD*  
*RICS Registered Valuer*  
*Registered Real Estate Appraiser & Agent PRC*  
*Managing Director*

*Note:* Vincent Cheung is a fellow of the Hong Kong Institute of Surveyors, a fellow of the Royal Institution of Chartered Surveyors, a Registered Professional Surveyor (General Practice) under the Surveyors Registration Ordinance (Cap. 417) in Hong Kong Special Administrative Region (“**Hong Kong**”), a member of China Institute of Real Estate Appraisers and Agents, a member of Hong Kong Securities and Investment Institute, a member of Institute of Shopping Centre Management, a member of Hong Kong Institute of Real Estate Administrators, a fellow of the Hong Kong Institute of Directors, a Registered Valuer of the Royal Institution of Chartered Surveyors and a Registered Real Estate Appraiser and Agent People’s Republic of China. He is suitably qualified to carry out the valuation and has over 27 years of experience in the valuation of fixed and intangible assets of this magnitude and nature in the subject region.

## VALUATION CERTIFICATE

## Property Interests to be Acquired by the Group for Occupation in Hong Kong

Property	Description and Tenure	Occupancy Particulars	Market Value in the Existing State as at 13 February 2025
Flat on Second Floor together with Flat Roof, Flat on Third Floor, Flat on Fourth Floor, Advertising Space A and Common Areas and Facilities, Nos. 4-8 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong	<p>The property comprises the whole of second floor, third floor, fourth floor, an advertising space together with common areas and facilities of a 5-storey composite building, located at Tsim Sha Tsui.</p> <p>As per information on the approved building plans, the property has a total gross floor area (“GFA”) of approximately 4,213.00 square feet (“sq.ft.”). As per information provided by the Group and crossed check with our scale off measurement on approved plan, the property has a total saleable area of approximately 2,733.00 sq.ft. plus a flat roof area of approximately 654.00 sq.ft. As per Occupation Permit No. K22/69, the property was completed in about 1969.</p> <p>The subject lot, Kowloon Inland Lot No. 9547 is held under Conditions of Exchange No. UB9322 for a term of 150 years commencing from 25 June 1888.</p>	<p>As per our on-site inspection and information provided by the Group, the property is currently leased subject to a tenancy with a term of 10 years from 1 January 2024 to 31 December 2033, at a monthly rent of HKD80,000, exclusive of rates and management fee and inclusive of government rent.</p>	<p>HKD80,300,000 (HONG KONG DOLLARS EIGHTY MILLION AND THREE HUNDRED THOUSAND)</p>

## Notes:

- The property was inspected by Wingka Chan *Probationer of HKIS Candidate of RICS* on 28 February 2025.
- The valuation and this certificate were prepared by Vincent Cheung *BSc (Hons) MBA FHKIS FRICS R.P.S.(GP) MCIREA MHKSI MISCM MHIREA FHKIoD RICS Registered Valuer Registered Real Estate Appraiser & Agent PRC*, Kit Cheung *BSc (Hons) FHKIS MRICS R.P.S.(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC* and Iverson Chan *BSc (Hons) MHKIS MRICS R.P.S.(GP) RICS Registered Valuer CAIA*.

3. The details of the land search records of the property dated 27 February 2025 are summarised below:-

<b>Item</b>	<b>Details</b>
Registered Owner:	<p><b>Flat on 2nd Floor and Flat Roof, Flat on 3rd Floor and Flat Roof, Flat on 4th Floor and Flat Roof and Advertising Space A</b></p> <p>Most Delight Limited</p> <p>By an assignment with plans dated 9 August 2018, registered vide Memorial No. 18090301820026</p> <p><b>Common Areas and Facilities</b></p> <p>Emperor Property Management (HK) Limited</p> <p>By a re-registration of assignment of common areas and facilities dated 9 August 2018, registered vide Memorial No. 19053102060026</p>
Shares of the Lot:	8/15th
Government Rent:	HKD248 per annum (Kowloon Inland Lot No. 9547)
Major Encumbrances:	<p><b>All Units</b></p> <ul style="list-style-type: none"> <li>• Deed of Mutual Covenant and Management Agreement with Plans in favour of Emperor Property Management (HK) Limited (Manager) dated 9 August 2018, registered vide Memorial No. 18090301820038;</li> </ul> <p><b>Flat on 2nd Floor and Flat Roof</b></p> <ul style="list-style-type: none"> <li>• Notice No. WCBZ/S202273/01/K-W01W by the Building Authority under S.24C(1) of the Building Ordinance dated 22 November 2007, registered vide Memorial No. 08071101290072 (Remarks: Re Tenement C on 2/F of 1/15 Share).</li> </ul>

4. The property is erected on Kowloon Inland Lot No. 9547, which is held under Conditions of Exchange No. UB9322. The salient conditions are summarised below:-

<b>Item</b>	<b>Details</b>
Lot Numbers:	Kowloon Inland Lot No. 9547
Lease Term:	150 years commencing from 25 June 1888
Major Special Conditions:	<ul style="list-style-type: none"> <li>• The lot shall not be used for industrial purposes and no factory building shall be erected thereon.</li> <li>• No part of any structure to be erected on the lot shall exceed a height of 200 feet above the Colony principal datum.</li> </ul>

5. The property falls within an area zoned “Commercial (6)” under Kowloon Planning Area No. 1 – Draft Tsim Sha Tsui Outline Zoning Plan No. S/K1/29 exhibited on 17 January 2025.

6. The general description and market information of the property are summarised below:-

Location : The property is located at Nos. 4-8 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

Transportation : Hong Kong International Airport and Tsim Sha Tsui East MTR Station are located approximately 32.8 kilometres and 350 metres away from the property respectively.

Nature of Surrounding Area : The area is predominately a commercial area in Tsim Sha Tsui.

7. Pursuant to the information provided by the Group, Most Delight Limited and Emperor Property Management (HK) Limited are indirect wholly-owned subsidiaries of Emperor International Holdings Limited.

8. In the course of our valuation of the property, we have considered and analysed commercial sale comparables.

The commercial sale comparables collected on an exhaustive basis are considered relevant to the property in terms of property type, location, building age, floor level, size and transaction date. A total of five commercial sale comparables which are upper floor commercial units with a saleable area over 60 sq.ft. located in prime street of Yau Tsim Mong District with a building age difference of not greater than 10 years from the property and were transacted within 1 year on or before the valuation date have been identified and analysed. The unit rates of the adopted commercial sale comparables range from HKD21,495 to HKD39,452 per sq.ft. on the basis of effective saleable area. The following table shows the details of commercial sale comparables with the adopted adjustments:

	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
<b>Development</b>	Sin Tat Square	In's Point	Sino Centre	Allied Plaza	In's Point
Address	No. 83 Argyle Street	Nos. 530-538 Nathan Road	Nos. 582-592 Nathan Road	No. 760 Nathan Road	Nos. 530-538 Nathan Road
District	Mong Kok	Yau Ma Tei	Mong Kok	Prince Edward	Yau Ma Tei
Year of Completion	1963	1969	1979	1973	1969
Property Type	Commercial	Commercial	Commercial	Commercial	Commercial
Floor	1/F	2/F	2/F	1/F	1/F
Unit	F9	278A	229	56	101
Effective Saleable Area (sq.ft.)	62.00	72.00	73.00	107.00	144.00
Vertical Access	Lift & Escalator	Lift & Escalator	Lift & Escalator	Lift & Escalator	Lift & Escalator
Nature	Agreement for Sale & Purchase	Agreement for Sale & Purchase	Agreement for Sale & Purchase	Memorandum Agreement for Sale & Purchase	Agreement for Sale & Purchase
Date of Instrument	30 December 2024	5 October 2024	24 September 2024	10 April 2024	5 April 2024
Consideration (HKD)	2,000,000	2,600,000	2,880,000	2,300,000	3,500,000
<b>Effective Saleable Unit Rate (HKD/sq.ft.)</b>	<b>32,258</b>	<b>36,111</b>	<b>39,452</b>	<b>21,495</b>	<b>24,306</b>

	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
<b>Adjustment</b>					
Time	Nil	(3.2%)	(-5.1%)	(14.5%)	(14.5%)
Location	+3.0%	+5.0%	+3.0%	+10.0%	+5.0%
Building Age	+0.6%	Nil	(1.0%)	(0.4%)	Nil
Floor Level	(1.0%)	Nil	Nil	(1.0%)	(1.0%)
Size	(1.9%)	(1.8%)	(1.8%)	(1.8%)	(1.7%)
Vertical Accessibility	(5.0%)	(5.0%)	(5.0%)	(5.0%)	(5.0%)
<b>Total</b>	<b>(4.4%)</b>	<b>(5.3%)</b>	<b>(9.8%)</b>	<b>(13.5%)</b>	<b>(17.0%)</b>
<b>Adjusted Effective Saleable Unit Rate</b> (HKD/sq.ft.)	<b>30,851</b>	<b>34,214</b>	<b>35,595</b>	<b>18,595</b>	<b>20,167</b>

Adjustments in terms of different aspects, including time, location, building age, floor level, size and vertical accessibility, have been made to the unit rates of the adopted comparables. After due adjustments in terms of the aforesaid aspects, the adjusted unit rates of the adopted commercial sale comparables range from HKD18,595 to HKD35,595 per sq.ft. on the basis of effective saleable area. The five adjusted unit rates of commercial sale comparables are assigned with the same weight and represent a weighted average of HKD27,884 per sq.ft. on the basis of effective saleable area for the benchmark unit.

Further adjustments in terms of floor, size and ancillary amenities have been made to the adopted unit rates of each unit of the property, based on the benchmark unit rate of HKD27,884 per sq.ft. After due adjustments in terms of the aforesaid aspects, the adjusted unit rates of each unit of the property range from HKD27,661 to HKD30,115 per sq.ft. on the basis of effective saleable area, which represents an average unit rate of HKD28,528 per sq ft on the basis of effective saleable area. The Market Value of the property with a total effective saleable area of 2,814.75 sq.ft. is hence circa HKD80,300,000.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at the Latest Practicable Date, the following Directors and chief executives of the Company were interested, or were deemed or taken to be interested in the following long and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (“**Model Code**”) to be notified to the Company and the Stock Exchange:

### (a) Long position interests in the Company

#### (i) Shares

Name of Director	Capacity/ Nature of interests	Number of issued Shares interested	Approximate % of issued voting Shares
Ms. Cindy Yeung	Eligible beneficiary of a private discretionary trust	4,298,630,000 (Note)	59.24

*Note:* These Shares were held by Emperor Watch & Jewellery Group Holdings Limited (“**Emperor W&J Holdings**”), a wholly-owned subsidiary of Albert Yeung Watch & Jewellery Holdings Limited (“**AY W&J Holdings**”). AY W&J Holdings was in turn held by First Family Advisors Trust reg. (“**First Family Trust**”) in trust for a private discretionary trust set up by Dr. Yeung. Ms. Cindy Yeung had deemed interests by virtue of being one of the eligible beneficiaries of the trust.



## (b) Long position interests in ordinary shares of associated corporations of the Company

Name of Directors	Name of associated corporations	Capacity/ Nature of interests	Number of issued shares interested	Approximate % of issued voting shares
Ms. Cindy Yeung	Emperor International	Eligible beneficiary of private discretionary trust	4,121,416,834 (Note)	74.71
	Emperor Entertainment Hotel Limited ("Emperor E Hotel")	- ditto -	636,075,041 (Note)	53.52
	Emperor Culture Group Limited ("Emperor Culture")	- ditto -	2,371,313,094 (Note)	73.80
	Ulferts International Limited ("Ulferts")	- ditto -	600,000,000 (Note)	75.00
	New Media Lab Limited ("New Media Lab")	- ditto -	315,000,000 (Note)	52.50
Ms. Fan Man Seung Vanessa	Emperor International	Beneficial owner	15,750,000	0.29
	Emperor E Hotel	- ditto -	2,430,750	0.20

*Note:* Emperor International, Emperor E Hotel, Emperor Culture, Ulferts and New Media Lab are companies with their shares listed on the Stock Exchange. These shares were ultimately owned by the respective private discretionary trusts which were all found by Dr. Yeung. Ms. Cindy Yeung had deemed interests in the same shares by virtue of being one of the eligible beneficiaries of such trusts.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executives of the Company had any interests or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, none of the Directors was a director or an employee of a company which had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### **3. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which is not determinable within one year without payment of compensation other than statutory compensation.

### **4. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors or their respective close associates had any interest in business which is considered to compete or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

### **5. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS**

As at the Latest Practicable Date, save for the Sale and Purchase Agreement and the agreements listed below in which Ms. Cindy Yeung has deemed interest, there was no other contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group:

- (a) the consignment agreement dated 1 December 2022 entered into between the Company and Dr. Yeung in relation to the consignment of watch, jewellery and accessory items transactions thereunder;
- (b) the master leasing agreement dated 23 March 2023 entered into between the Company and Emperor International in relation to the tenancy transactions thereunder;
- (c) the master leasing agreement dated 23 March 2023 entered into between the Company and Emperor E Hotel in relation to the tenancy transactions thereunder; and
- (d) the master referral agreements dated 3 May 2024 entered into between the Company, Ms. Cindy Yeung and Emperor International, Emperor E Hotel, Emperor Capital Group Limited, Emperor Culture, New Media Lab and Ulferts in relation to the provision of referral fees.

**6. DIRECTORS' INTERESTS IN ASSETS**

As at the Latest Practicable Date, save for the Acquisition, none of the Directors had any direct or indirect interests in any assets which have been, since 31 December 2024 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

**7. LITIGATION**

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or claims of material importance and no litigation or claims of material importance were pending or threatened against any member of the Group.

**8. EXPERT AND CONSENT**

The following are the qualifications of the experts who have given opinions or advice which are contained in this circular:

<b>Name</b>	<b>Qualification</b>
Pelican Financial Limited	A corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO
Vincorn Consulting and Appraisal Limited	Independent qualified valuer

As at the Latest Practicable Date, the above experts have given and have not withdrawn their respective written consents to the issue of this circular with the inclusion herein of their respective letters and reports (as the case may be) and references to their names, in the form and context in which they respectively appear. As at the Latest Practicable Date, each of the above experts:

- (a) did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group; or
- (b) did not have any interest, either directly or indirectly, in any assets which have been, since the date to which the latest published audited financial statements of the Company were made up (i.e. 31 December 2024), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

**9. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any circumstances or events that may give rise to a material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest audited financial statement of the Group were made up.

**10. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the website of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.EmperorWatchJewellery.com>) in accordance with the Listing Rules from the date of the circular and up to and including the date of the EGM:

- (a) the Sale and Purchase Agreement;
- (b) the letter from the Independent Board Committee as set out from pages 14 to 15 in this circular;
- (c) the letter from Pelican, the Independent Financial Adviser, as set out from pages 16 to 37 in this circular;
- (d) the property valuation report as set out in Appendix I to this circular; and
- (e) the written consents referred to in the paragraph headed “Expert and Consent” in this Appendix.

**11. MISCELLANEOUS**

- (a) The company secretary of the Company is Ms. Fung Pui Ling, who is a Fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. She has over 25 years’ experience in corporate governance field.
- (b) The registered office of the Company is 25th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong.
- (c) The share registrar and transfer office of the Company is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (d) The English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese text.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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# 英皇鐘錶珠寶有限公司 EMPEROR WATCH & JEWELLERY LIMITED

*(Incorporated in Hong Kong with limited liability)*  
(Stock Code: 887)

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (“EGM”) of Emperor Watch & Jewellery Limited (“**Company**”) will be held at 28th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong on Wednesday, 16 April 2025 at 11:30 a.m., for the purpose of considering and, if thought fit, passing with or without modification the following resolution as an ordinary resolution of the Company:

### ORDINARY RESOLUTION

“**THAT** (i) the Sale and Purchase Agreement (as defined in the circular of the Company dated 31 March 2025 (“**Circular**”) in relation to the discloseable and connected transaction – acquisition of entire equity interest in Target Company (as defined in the Circular) and a copy of which is produced to the EGM marked “**A**” and initialed by the chairperson of the EGM for identification purpose) and the transactions contemplated thereunder be and are hereby ratified, confirmed and approved; and (ii) any director of the Company (other than Ms. Cindy Yeung) be and is hereby authorised to do all such acts and things which he/she may consider necessary, desirable or expedient to implement the transactions contemplated under the Sale and Purchase Agreement (with any amendments to the terms of such agreement which are not inconsistent with the purpose thereof as may be approved by such director).”

By order of the Board  
**Emperor Watch & Jewellery Limited**  
**Fung Pui Ling**  
*Company Secretary*

Hong Kong, 31 March 2025

*Registered office:*  
25th Floor  
Emperor Group Centre  
288 Hennessy Road  
Wanchai  
Hong Kong

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Notes:*

- (i) Unless indicated otherwise, capitalized terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 31 March 2025.
- (ii) **No refreshments or drinks will be served and no corporate gifts will be distributed at the EGM.**
- (iii) Pursuant to Rule 13.39(4) of the Listing Rules, the resolution set out in this notice will be decided by poll at the EGM. Where the chairperson of the EGM in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted, such resolution will be decided by show of hands.
- (iv) A Shareholder entitled to attend and vote at the EGM is entitled to appoint one or more proxies (if he/she is a holder of more than one share) to attend and vote in his/her stead. A proxy need not be a Shareholder. The Company strongly encourages Shareholders to appoint the chairperson of the EGM as their proxy to exercise their rights to vote at the EGM. Physical attendance at the EGM by a Shareholder is not necessary for the purpose of exercising voting rights.
- (v) To be valid, the form of proxy must be in writing under the hand of the appointor or his/her attorney duly authorized in writing, or if the appointor is a corporation, either under its common seal, or under the hand of an officer or attorney duly authorized on that behalf, and must be deposited at the Company's share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong ("**Share Registrar**") together with a power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney, not less than 48 hours before the time for holding the EGM or any adjournment thereof.
- (vi) Where there are joint holders of any Share(s), any one of such joint holders may vote at the EGM, either in person or by proxy in respect of such Share(s) as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the EGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- (vii) Completion and delivery of the form of proxy will not preclude a Shareholder from attending and voting in person at the EGM or any adjournment thereof should they so wish and in such event, the form of proxy previously submitted shall be deemed to be revoked.
- (viii) In order to qualify for the right to attend and vote at the EGM, all relevant share certificates and properly completed transfer forms must be lodged for registration with the Share Registrar at the above address not later 4:30 p.m. on Thursday, 10 April 2025.
- (ix) If Typhoon Signal No. 8 or above, or a "black" rainstorm warning signal or "extreme conditions" announced by the Hong Kong Government is in force at any time between 9:30 a.m. and 11:30 a.m. on the date of EGM, the EGM will be postponed. The Company will post an announcement on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.EmperorWatchJewellery.com>) to notify Shareholders of the date, time and place of the rescheduled meeting.
- (x) The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.